

# Value View

2005

A STRAIGHTFORWARD INVESTMENT REPORT FEATURING VALUE AND GROWTH-ORIENTED STOCK-PICKS, FINANCIAL NEWS, MONEY TIPS AND INSIGHTS FOR INVESTORS.



## Insights from the Slopes

### I LOVE TO SKI\*.

Skiing is fascinating, if only for the experience of mastering nature - of being able to rein in the wilderness for a positive experience. Many people are frightened of the prospect of hurtling down a cold, slippery mountain at high speeds, but there's a certain power to it. It is a wonderful feeling, but it also demonstrates a valuable insight.

So often, we are faced with conditions that appear alarming or downright scary. Yet if we learn the right way to approach these situations, we can find ways to benefit from them. It is these times that offer some of the best opportunities. There may be times when the intelligent response is to "cut and run", but more often than not, working through the difficult times is a more productive response. In those times, we need to muster the courage to persevere.

Skiing embodies those ideals, as does investing. Read on, and you'll see.

One of the best skiing experiences I've had was in a time when things seemed at their worst. And just arriving at the destination was part of the experience. Yet, when we persevered, and performed at our best, not only were the results better than ever, but they were actually easier to achieve.

It was later dubbed the No-name Storm of 1995. We had started driving from Florida to the mountains of North Carolina for a week-long ski trip. As we left St. Petersburg, we encountered very high winds while crossing the causeway. Waves, whipped up by the gale, were actually breaking onto the roadway.

We persevered.

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Think of it as Investments 101! These basic hints and tips are useful for all investors.

### Breaking through the Investing Barrier.

So you've thought about investing your money. And you've thought about it...and thought about it. You've even talked about it. But you've never put your money where your mouth is. You may make jokes about procrastinating, or hope for the "perfect opportunity" that never materializes. Meanwhile, your dream remains a dream, and all you have to show for your dreams is reasons and excuses.

What is it that stops you from investing?

There are probably reasons a-plenty. But most of those reasons fit into one of these:

- A. "This isn't the right time;"
- B. "I don't have quite enough money;"
- C. "I don't know enough;"
- D. "I've heard horror stories."

These four cover a lot of ground. But they are very common and very valid. And they are barriers to the many rewards of investing our money wisely.

Consider this: whatever stops you in the world of investing probably shows up in all areas of your life. Take a careful look at your life and see if the same reasons show up elsewhere. We've all said something like: "I want (something), but \_\_\_." Or, "I would (something), but \_\_\_." Or even, "I'd have (something), but \_\_\_."

Those "but \_\_\_'s" add up to some pretty powerful barriers in all aspects of our lives. Substitute the "(something)" in each statement with your own words.

Use the above A, B, C and D statements in the blanks as they apply to you. What shows up for you?

The fact is that improper timing, a lack of money, insufficient knowledge, and investing nightmares, are just stories we create. Those stories are so powerful that we not only believe them, we live into them. And we get attached to them. We're so attached to why we cannot do something that we keep ourselves from seeing what's possible on the other side of those reasons.

Here's the good news: there is a way through the barriers.

The trick is to look at the reasons for what they are: excuses. If we're honest with ourselves, we'd realize that there's never a "perfect time" to invest, there's always "something better" to do with our money, we'll never know everything, and many of those horror stories about investing are based, unfortunately, on true events.

Break through anyway. Give up the excuses and follow what one sporting goods company has been saying for years: "just do it!"

Place a phone call to a reputable Investment Advisor. A good investment advisor, like Value View Financial Corp., will take you beyond merely surviving, and help you to see your finances as possibilities for you and your future. And of all the areas in your life where you're stopped, breaking through the barriers in your finances will reap some of the richest and most valuable rewards.

Hey, it's your life. You can choose to watch it go by in a haze of reasons and excuses. Or you can choose to live it fully and richly.

We hope you choose the latter.

*I am still determined to be cheerful and happy, in whatever situation I may be; for I have also learned from experience that the greater part of our happiness or misery depends upon our dispositions, and not upon our circumstances.*

~ Martha Washington ~

### Insights, from page 1

We were about halfway into the trip, approaching Atlanta, when snow began to fall. For those unfamiliar with the geography, this area was utterly unprepared for this kind of weather.

We persevered.

By the time we reached Atlanta, it was apparent that the roads were becoming impassable. Cars were off the road every 50 feet. We stopped at the first open exit to assess the situation, and began to doubt our ability to finish the trip. I made arrangements to stay with some friends in the city, and we began heading in their direction. The exit route to their home was closed. In fact, after that point, we found most of the exits closed.

We were forced to persevere.

We drove all night, through Georgia (where the roads were poorly cleared) into South Carolina (where the roads were worse), and into North Carolina. Despite superior equipment, we still found challenging driving conditions. There was nowhere to stop. We were forced to continue forward.

Conditions improved as we approached our destination. Finally, at around 3:30 AM, we arrived. The next day, we learned that the roads officially closed shortly after we had passed through.

At the mountain, we found some of the best skiing conditions that I had ever seen. Rarely have I had the opportunity to ski on such pure snow. Ice often develops when the snow melts temporarily due to over-use of a certain patch of ground. This can make skiing dangerous. There was no ice on the slopes. There was barely a soul on the mountain. We felt like we had the

slopes to ourselves. It was glorious.

So what does skiing have to do with investing?

Think about it: Outstanding results are possible when you brave the wilds. Pushing forward when things are scary are our access to the truly amazing.

In the world of investing, pushing through the nameless storms can result in the largest payoffs when the storm is spent. And what you find on the other side may well be nothing short of glorious and miraculous.

It is also worth noting that in stormy times, the temptation to "cut and run", and hunker down and quit, is very great. But to persevere is to reap the rewards as soon as the storm is over.

Here's another insight that makes the crossover from the world of skiing to the world of investing: "Never ski out of control!" It is a pivotal rule of all ski areas. There are techniques that skiers should always use to ensure that they are not a danger to themselves or others. Skiers are asked to ensure that their movements are always careful and responsible.

The same is true of investing. One should never invest carelessly or irresponsibly. Being aware of what is available, and diligently studying the situation means that we will be able to make well-informed decisions that reap the greatest benefits. Do your homework. Smart decisions based on careful research are key to persevering in any economic times. This is especially true if the economy occurs as a dark and stormy night.

Be aware that, sometimes, there are costs to perseverance. On our ski trip, one of our cars was

scratched by a chunk of ice that hit the door, and some minor repair work was necessary. It was a small price to pay for what became a most memorable week on the slopes.

Again, the same is true in investing. The costs to perseverance are inevitable. But realize that, with responsible and careful investing, the benefits far outweigh the costs.

There is another facet to this story. All of us in the group persevered together. Had one individual made the decision to turn back, the group would have had to turn back. We would have missed a phenomenal skiing opportunity. The success of the group occurred as a success for each individual who made up that group.

The same is true for you, our clients and subscribers. At Value View Financial Corp, our goal is to persevere with you through all economic times, whether stormy or calm. Calm weather represents a comfortable investing climate, and those are always welcome. But as long as we persevere together, economic storms provide us with rare, truly amazing rewards. We want you to share in those rewards with us.

As we look to 2006, we can say with absolute certainty that ahead lies both calm weather and storms.

In either case, there are possibilities for miracles. We look forward to enjoying those miracles with you.

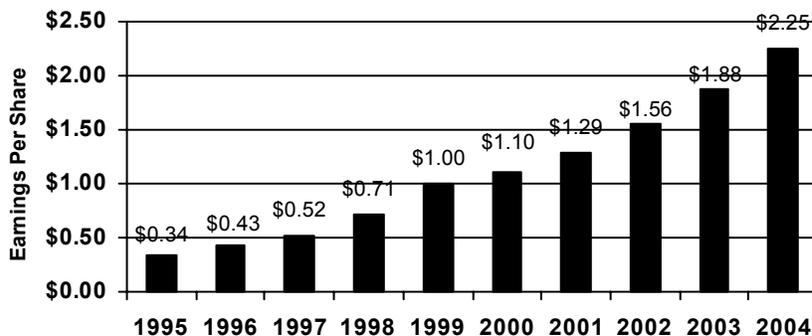
*\*For the Floridians among our readers, the generic term "skiing" refers to SNOWskiing. Waterskiing requires the additional clarifying term, and cannot be referred to simply as 'skiing'.*

## Home Depot (HD)

Home Depot is the leading home improvement and building supply warehouse retailer with stores across the U.S., Canada and Mexico. The company is today the 2nd largest retailer in the U.S., and the 3rd largest in the world. Stores average over 100,000 square feet, and usually carry between 40 and 50,000 product varieties. Management has built a strategy built around growth, quality, and meeting customer demands. Historically, the company has grown rapidly since its founding in 1981, and while projections suggest that this growth may be slowing, results have continued to be strong. The company has traditionally carried low levels of debt. They also proved themselves to be a logistics giant during the days following the hurricanes, reopening most stores within 24-48 hours after the storms.

The company, which set up 6 temporary sites after the storm to supply those needing building materials, is searching for additional locations in the New Orleans, Lake Charles, and Port Arthur areas to continue supplying the homeowners and contractors involved in rebuilding. The disaster will undoubtedly be a boon for those companies able to help meet needs in the difficult logistical environment, and HD has proven that it is a leader in disaster supply. Costs of supplying the devastated areas are obviously higher than normal, but the company anticipates that volume will be enormous, and expects to build strong customer loyalty during this period. Based upon last year's experience from storms in Florida, we can expect sales at regional Home Depot stores to show strong sales increases for up to 4 quarters, as repairs develop.

The company continues to grow by acquisition also, buying seven Contractors Warehouse stores in California during the 2nd quarter, and rolling up West Tool, Inc. and Wire Products, Inc. into its White Cap Construction Supply professional distribution division more recently. In August, the company also closed on the acquisition of National Waterworks, the nation's leader in the provision of water supply and wastewater treatment transmission products, with 136 branches in 36 states. And in October, they bought Magnum Pipe, further expanding its Maintenance, Repair and Operations business line. The company has become successful in expanding beyond the retail format, and is becoming a national leader in building and maintenance



supply for the professional world, as well. Also, the company is experimenting with urban store formats in places like Manhattan, to cater to a new market. The company has also found success in its expansions into Canada and Mexico, and is optimistic about potential in China. Finally, the company continues to open new traditional line stores in growing areas of the U.S.

Strong consumer spending across all stores on home improvements and appliances helped build a solid foundation for Home Depot's third quarter earnings report. Reportedly, homebuyers are rushing to get into homes before interest rates rise, and this transition should help home upgrade specialists like HD. The retailer, along with its rivals, all saw revenue and net income soar as shoppers spent heavily this fall. Reports suggest that the economy is strong. This jibes with our expectation of an economic boost coming from

increased government spending. Ostensibly, much of this spending should go toward recovery efforts in devastated areas, and much of that will focus on home rebuilding. All of this bodes well for home repair retailers. Further, with the holidays looming, the company's final earnings forecast looks strong. We believe HD will be an outstanding choice for the near term especially, but also for the long haul. Investor's Value View strongly recommends Home Depot as an investment for both conservative and more aggressive investors. The stock has demonstrated its potential as an earning engine, and we believe the solid results are likely to continue indefinitely into the future. This stock is the epitome of what all investors should be seeking: a high-growth company with strong near-term catalysts, long-term stability and sound management, selling at a reasonable price.

*Our definition of success  
is based on long term investment value...  
If it's a quality company,  
it will still have substantial appreciation  
several years after going public.  
~ W. Keith Schilit & Howard M. Schilit ~*

### Glossary of Terms

<b>Buy Aggressively</b>	<i>The best buys at the best prices. Does not indicate momentum.</i>
<b>Buy</b>	<i>Also a good buy. Not as exciting or certain as the above.</i>
<b>Speculative Buy</b>	<i>Great potential; may not be great values. These involve higher risk.</i>
<b>Nibble</b>	<i>Buy a little at a time as prices become more favorable.</i>
<b>Hold Tightly</b>	<i>An attractive stock, probably too high to buy. Does not warrant selling.</i>
<b>Hold Loosely</b>	<i>Stock approaching excessive valuation. May be traded out selectively for better buys.</i>
<b>Harvest</b>	<i>Sell rating for quality stocks which seem inflated in price. Does not suggest impending problems. May be held by those who cannot afford to take profits; risk of holding is greater. Selling a portion of such shares is often a good strategy.</i>
<b>Inconclusive</b>	<i>Similar to a clear sell rating, used when news creates uncertainty, or action appears to be negative. Uncertainty can create outstanding valuation, even if news has not yet appeared. Most people prefer not to hold stocks in uncertainty. We do not want to create the impression that we know something when we do not.</i>
<b>Sell</b>	<i>Reserved for stocks that have struck bad times. These should be unloaded by all investors.</i>

*Poised on the cutting edge of the world's new architecture, Dynamic Insurgents enjoy a strong position in their changing fields. Potentially the blue chips of the future, they are relatively unproven, and operate in fast-paced industries. The risk is greater, but returns can be outstanding. They tend to be most appropriate for risk-oriented investors. Conservative investors may want to hold a small position in some of these potential world-beaters as well.*

**Digital River** builds and manages online businesses for software publishers and retailers. The company reported outstanding revenue and earnings growth for the 3rd quarter, beating earlier forecasts. Disappointing (yet positive) forecasts for 2006 earnings, caused stocks to drop. The company was also hit by Microsoft's plans to offer free security software with deployment tools to small and midsized companies. Security software maker Symantec is one of DIGL's largest clients representing nearly 40% of revenues. Still, the company remains focused on growth, recently buying a sizeable stake in software license management firm Intraware. DIGL has also opened a new subsidiary in Tokyo to build business in the region. At current prices, Digital River shares are a bargain, despite competitive pressures.

**First Advantage** pushes ahead, making three acquisitions and projecting stronger earnings. One purchase is LeadClick Media, a company that provides web-based lead generation for financial, auto, and real estate businesses. Another is Credit Data Services, a Maitland, Florida-based provider of mortgage credit reporting services, bought from Experian. The company also bought The Info Center, a New England-based provider of renter screening services. Earnings for the 3rd quarter were strongly higher, and projections for 2006 are being pushed higher. FADV also opened a new office in the Philippines for employee screening operations. We see great prospects for this company, as they roll up small players in a fragmented industry.

**Paincare Holdings** follows a similar strategy in a different industry – pain treatment centers. Recent acquisitions include International Pain Center and the Centeno Clinic, both in Denver. Earnings for the third quarter powered ahead on revenues that doubled from last year. Projections for 2006 include growing revenues to surpass the \$100 million mark, and earnings exceeding \$0.30 per share.

**J2 Global Communications** reported a 36% revenue increase, as earnings boomed forward in the 3rd quarter. The company also announced the acquisition of Puma Unified Communications Limited, a British provider of messaging services, marking a European growth plan. Prospects look excellent here, with stable but strong growth.

**Mobile TeleSystems** is powering up cellphones in Russia and former Soviet states like Ukraine, Belarus, Uzbekistan, and Turkmenistan. It recently acquired the remaining unowned stake in the latter's Barash Communications. Growth in Moscow and St. Petersburg continues. Sales in rural Russia, the Ukraine, and other Soviet states is nearly doubling. The company wasn't able to convert that to impressive earnings, despite 27% revenue growth. Ukraine produced most of the growth as Russian revenues fell slightly. Mounting costs to hold on to this lucrative market in the context of growing competition are troublesome, but the company remains attractive as the strongest player in a market with enormous potential. Further, the company has committed to cost cutting measures, including job cuts, an uncommon occurrence in this part of the world. Despite less than exciting results, the share price remains extremely attractive, even in light of recent weakness. Should results strengthen in the future,

these shares should shoot higher quickly. We'd be buyers in this range.

Mexican cell provider **America Movil** announced an intention to consider acquisitions across Latin America, but not outside the region where it believes it has a competitive advantage. Profit margins are still on the upswing, but recent 3rd quarter results were hurt by currency translation effects. The company anticipates continued growth in its subscriber base and revenues. We believe the long-term prospects remain exciting, as indicated by its #1 rating in Business Week's IT100 list, but the price is now above what we'd be prefer to pay, and better buys exist in companies that are not so well recognized. We liked this stock better before everyone else found it. Our decision today is to wait for a better time to buy.

**Priceline.com** reported strong results this quarter, with skyrocketing earnings springing from only modestly higher revenues. Acquisitions of Bookings BV and Active Hotels boosted revenues, and increased business from a growing "set-price" site increased profits. Priceline, of course, initiated the bid-for-price model, but the set-price sales campaign has been bringing in an increasing share of sales lately. Yet, the company has not abandoned its unique model, rolling out a name-your-own-price holiday hotel campaign this season. Priceline also announced a share-buyback plan, denoting confidence in their own stock. The newfound growth helps us to share their confidence, and we are beginning to find these shares attractive again at these low prices.

**Cephalon** has received an important FDA approval: to offer its Sparlon drug (a variant of its Provigil narcolepsy drug) for ADHD in children 6-17 years old. This opportunity gives the company an income substitute for drugs due to come off patent and face generic competition soon. The new formulation will launch in early 2006. Earnings for the third quarter remain positive, and the company has affirmed previously reduced estimates of growth for the year. However, the company's outlook for 2006 of \$2.90 to \$3.00 per share was less optimistic but still represents a small increase over this year's projections. The share price remains relatively attractive, but we aren't thrilled by the company's slowing growth.

**ChoicePoint** reported flat earnings due

partly to costs related to data theft from the company that has apparently led to ID theft from a sizeable number of individuals. Even overlooking this one-time event, however, the company's growth was lackluster at best, and we believe the shares are quite pricy for such weakness. We'd skip these shares for now.

**Collegiate Pacific** has decided not to follow through with its planned acquisition of Sport Supply for \$6.74 per share. Instead, the company found far fewer obstacles to acquiring 72% of the company for \$5.55 per share. We see this change as a strong positive for Collegiate Pacific, since the positives of the deal will be had for a much lower price, and still allow for operating synergies. Already, the purchase is having positive impact on earnings, as the company reported a strong increase in the first quarter. Projections for 2006 are for earnings of \$0.60 per share excluding one-time items.

**Education Management** reported strongly higher first quarter earnings, as enrollment levels continue to increase, yet fell short of targets. The company has also added new Art Institute sites in Indianapolis and San Bernardino, while ceasing new enrollments at two small campuses of Brown Mackie College in the Dallas-Ft. Worth area. We still like the stock.

**Engineered Support Systems** continues to book new defense contracts, including a deals to provide "next-generation" chem.-bio protective shelters to the U.S. Army, and make "manportable" radar devices to Northrup-Grumman. The stock remains a moderately good investment selection.

**L-3 Communications** similarly continues to book new business with the same buyers. Tactical signal intelligence for the Army, satellite transmission for the warfighter system of Lockheed Martin, a training module for the USAF, and a long-term training development contract with the Coast Guard are among the company's new bookings. Earnings powered forward on strong results from the July Titan Corp. acquisition. The company also completed the acquisition of EOtech, a maker of holographic weapons sights, during the quarter, which should be mildly accretive to earnings. Management also confirmed suspicion that further acquisitions could be expected. L-3 also booked a deal to provide its state-of-the-art baggage screening devices to 9 Mexican airports.

*Please see Dynamics, page 5*

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
1-800-Flowers	FLWS	\$6.93	\$0.08	86.6	25%	Nibble
America Movil	AMX	\$28.72	\$0.96	29.9	20%	Hold Loosely
Cephalon	CEPH	\$50.83	\$2.71	18.8	20%	Buy
ChoicePoint Inc	CPS	\$43.23	\$1.55	27.9	20%	Avoid
<b>Collegiate Pacific</b>	<b>BOO</b>	<b>\$8.80</b>	<b>\$0.54</b>	<b>16.3</b>	<b>24%</b>	<b>Buy Aggressively</b>
<b>Digital River</b>	<b>DRIV</b>	<b>\$25.92</b>	<b>\$1.38</b>	<b>18.8</b>	<b>30%</b>	<b>Buy Aggressively</b>
eCollege.com	ECLG	\$16.59	\$0.41	40.5	25%	Hold Tightly
Education Mgmt	EDMC	\$33.75	\$1.42	23.8	20%	Buy
Engin'r'd Sup't Syst	EASI	\$40.41	\$1.98	20.4	18%	Nibble
First Advantage	FADV	\$27.25	\$0.99	27.5	28%	Buy Aggressively
J-2 Global Commun.	JCOM	\$47.70	\$1.72	27.7	28%	Buy Aggressively
L-3 Comm.	LLL	\$74.50	\$3.74	19.9	18%	Buy
Mobile Telesystems	MBT	\$35.47	\$2.75	12.9	18%	Speculative Buy
<b>Paincare Holdings</b>	<b>PRZ</b>	<b>\$3.71</b>	<b>\$0.21</b>	<b>17.7</b>	<b>20%</b>	<b>Buy Aggressively</b>
Priceline.com	PCLN	\$24.02	\$1.33	18.1	25%	Buy Aggressively

Items in bold denote stocks that, in our opinion, hold the most promise.

*These stocks appear to be below their reasonable valuations, based on their expected future growth. But unlike many stock-pickers who seem to divide stocks into "growth" or "value" picks, we believe that growth outlook is a prime factor for determining value. They may not always show immediate results, but should provide outstanding returns in the long-run.*

This issue, we introduce **Allied Capital**, the nation's largest business development company. ALD primarily invests in mid-sized, privately-held companies, and helps companies finance operations by providing loans, or by acquiring the company outright via debt. Allied recently began to focus on smaller, middle market buyout deals, considered less risky in this competitive financing environment.

We continue to favor **Asta Funding**. With rising energy prices and interest rates, we look for ASFI to outperform the market. Expected higher levels of personal debt would give them more opportunities to purchase debt portfolios at attractive prices.

**Commercial Capital Bancorp** will acquire Calnet Business Bank, a real estate financial services bank, which means an instant presence in Northern California. CCBI announced that its Q3 earnings fell due to increased expenses from a new unit and other miscellaneous charges, but the current real estate boom should be of benefit.

Fueled primarily by growth in lending activities, **Intervest Bancshares** saw its Q3 earnings increase nearly 30% year-over-year, and remains a great purchase.

**Angiotech** reported a 40% decrease in Q3 earnings year-over-year due primarily to higher income taxes. However, ANPI completed the acquisition of the privately held company, Afmedica. Results for its drug-coated Vascular Wrap are promising, greatly reducing the risks of death or amputation following an arm/leg blood vessel bypass.

**Apache**, continues to be a strong company. Despite hurricane Katrina and Rita slowing down production in the Gulf of Mexico, APA was able to increase production by more than 3% thanks to its Australia and Egypt operations.

New this issue is Italian energy company, **ENI SpA**. ENI explores for, and produces, oil, gas and electricity. With active drilling programs in countries such as Libya, Iran, Algeria, Venezuela and Kazakhstan, ENI currently enjoys robust production increases and is projecting increased production for the next few years. This cash-rich company is actively paying down debt all-the-while paying a handsome 4.5% dividend.

We continue to like **Valero Energy** due to its diversified refining operations and relatively insignificant damage sustained during the hurricane season, and continue to recommend VLO during its recently depressed price.

**CE Franklin** reported record Q3 earnings of \$.19 per share, an increase of over 200% year-over-year. This growth reflects stronger commodity prices, improved industry economics, increased drilling activity coupled with an increase in market share.

Investors in **Career Education** must hold tight and be patient. CECO and the for-profit education industry at large face uncertainty regarding legal and accreditation concerns. Analysts are optimistic that Congress will repeal a rule that requires for-profit colleges to teach 50% of their classes in buildings. CECO saw its online division rise 83% in Q2 and we continue to advocate shares of CECO.

Sales in October jumped 17% for Indian car giant **Tata Motors**. Even more promising is the fact that exports shot up 94%. Efforts to be a major player in the export market are projected to add 50% to revenues. TTM has signed an alliance with Fiat to help in production and distribution and has also announced plans to manufacture a car that will cost only \$2,200. A car this affordable will give TTM more global penetration.

**Telefonos de Mexico** launched their videoconferencing service in Mexico last month. At \$8.40 a month, not including the \$200-plus required for the phone set with color monitor, TMX hopes to win over customers. TMX has recently been under heavy competition from other fixed-line and mobile phone providers for business but intends to expand into the U.S Hispanic market, which makes up 14% of the U.S population.

**M.D.C. Holdings** reported a modest 11% Q3 earnings increase year-over-year. Material shortages and a challenge with the unions in Arizona and Nevada delayed the closings of nearly 450 homes. However, we now look for shares of MDC to gain momentum. MDC continues to show record back orders for new homes and maintains a strong balance sheet.

**Standard Pacific** looks to capitalize from a bull market in housing by purchasing 2,675 acres of land in north Las Vegas. The community will include 14,000 homes, along with shopping, parks, schools and other amenities. SPF entered another new market with its acquisition of Eagle Valley Homes and its 785 homes in San Antonio.

**Bancolumbia, Tele Centro Oeste Celular** and **Village Super Market** remain attractive investments.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
<b>Allied Capital Corp.</b>	ALD	<b>\$30.33</b>	<b>\$4.33</b>	<b>7.0</b>	<b>10%</b>	<b>7.6%</b>	<b>Buy Aggressively</b>
Angiotech Pharm.	ANPI	\$14.64	\$1.07	13.7	23%	0.0%	Speculative Buy
Apache Corp.	APA	\$65.33	\$7.00	9.3	10%	0.5%	Buy
<b>Asta Funding</b>	ASFI	<b>\$24.78</b>	<b>\$1.99</b>	<b>12.5</b>	<b>16%</b>	<b>0.6%</b>	<b>Buy Aggressively</b>
Bancolumbia	CIB	\$25.70	\$1.95	13.2	11%	1.9%	Buy
CE Franklin	CFK	\$12.02	\$0.69	17.4	15%	0.0%	Speculative Buy
Career Education	CECO	\$37.30	\$2.16	17.3	17%	0.0%	Buy Aggressively
Comm Cap Bancorp	CCBI	\$16.67	\$1.39	12.0	15%	1.7%	Buy
ENI SpA	E	\$135.53	\$14.74	9.2	10%	4.4%	Speculative Buy
Intervest Bancshares	IBCA	\$25.47	\$2.22	11.5	11%	0.0%	Buy Aggressively
MDC Holdings	MDC	\$68.11	\$9.90	6.9	12%	1.1%	Buy Aggressively
<b>Standard Pacific</b>	SPF	<b>\$37.80</b>	<b>\$6.10</b>	<b>6.2</b>	<b>12%</b>	<b>0.4%</b>	<b>Buy Aggressively</b>
Tata Motors	TTM	\$11.95	\$0.81	14.8	20%	2.4%	Buy Aggressively
Tele Centr Oeste Cel.	TRO	\$9.91	\$1.57	6.3	14%	4.8%	Buy Aggressively
<b>Telefonos de Mexico</b>	TMX	<b>\$22.42</b>	<b>\$2.32</b>	<b>9.7</b>	<b>12%</b>	<b>3.0%</b>	<b>Buy Aggressively</b>
<b>Valero Energy</b>	VLO	<b>\$96.25</b>	<b>\$9.68</b>	<b>9.9</b>	<b>13%</b>	<b>0.4%</b>	<b>Speculative Buy</b>
Village Super Market	VLGEA	\$58.68	\$4.86	12.1	12%	1.0%	Buy

Items in **bold** denote stocks that, in our opinion, hold the most promise.

*Our lives improve only when we take chances - and the first and most difficult risk we can take is to be honest with ourselves.*

~ Walter Anderson ~

*Dynamics, from page 4*

**eCollege** reported strongly positive earnings for the quarter, and the company anticipates stronger increases in revenues next quarter as promotions ramp up. The company's eLearning online degree products and Datamark enrollment building products provide outstanding show great future prospects.

**1-800-Flowers** reported record revenues for the 1st quarter, but an increased loss during this traditionally slow period, based on higher expenses from advertising, and investments in new operations. Projections for the coming quarters look better.

Every month we follow these legitimate "blue chips" that can generally be held for the long term without great concern for market changes. We rate them buy/sell for valuation only. While it may sometimes pay to move from an overvalued member of this list to a bargain-priced choice, most of these stocks can be held even when they are overvalued without significant long-term risk.

Home Depot is our top stock pick this issue. Please see our write-up on page 3 for details on this growing company's outlook.

A new vision insurance product helped make AFLAC's quarterly earnings report brighter. The supplemental insurance provider recently reported a healthy 15% increase in third quarter earnings compared to the same period a year ago. Strong sales in Japan also contributed to this boost in profitability. One area of concern for the company is the recent appreciation of the Dollar relative to the Yen. This appreciation is diminishing the value of earnings in the vital Japanese market.

Despite a large increase in wireless revenue, Alltel recently reported a small drop in quarterly earnings. The firm continues to evaluate a possible divestiture of its landline operations. It is the losses in this business line that kept earnings below last year's level. In an effort to continue its expansion, Alltel has agreed to purchase Midwest Wireless, a small wireless provider with customers in Minnesota, Iowa and Wisconsin. To help finance this transaction, the company is selling its subsidiary in Ireland.

Bank of America is leaving Mexico. The bank, based in Charlotte, North Carolina, has decided to sell its Mexican asset management subsidiary. The bank recently reported a healthy increase in third quarter earnings compared to the same period a year ago. This rise was attributed in part to an increase in credit card revenue and an increase in service fee income. BofA's highly touted purchase of MBNA, the credit card issuer, is one step closer to becoming a reality after MBNA's shareholders voted in favor of the purchase.

Biomet, the medical supplies maker based in Indiana, was barred from selling one of its surgical devices by a US District courts pending the resolution of a patent lawsuit. The product is used in an orthopedic surgery commonly performed on athletes.

Canon recently reported a moderate increase in quarterly income compared to this period a year ago.

A flood of bankruptcies and other Hurricane related losses has hurt Capital One's profitability. The Virginia-based credit card issuer reported a decrease in quarterly earnings from this period a year ago. The company's purchase of Hibernia, a Louisiana based bank, has also been affected. Hibernia retail locations sustained significant damage during Hurricane Katrina, some of which may not be covered by insurance. The bank's loan portfolio also took a hit. Despite the turmoil, Capital One finalized the purchase in mid November.

Bottoms up. An increase in branded wine sales led to a moderate rise in quarterly net income for Constellation Brands. Strong sales of imported beer also helped the New York-based company continue its strong financial performance. To expand its wine portfolio, the company is continuing its attempts to take over Vincor, a Canadian rival.

Costs related to previous acquisitions deflated third quarter earnings for First Data. The company, which is the parent of Western Union, did see revenue rise during the period. Management is confident that once all of the acquired companies are fully absorbed, earnings will be strong.

Fortune Brands, a leading diversified hold-

ing company, saw earnings fall in the third quarter. Excluding one-time charges and acquisitions costs, however, earnings rose satisfactorily, as did revenues. Based upon that increase, we still find the shares attractive.

After a difficult second quarter, Unilever recently reported third quarter results. The consumer products maker saw earnings rise 26%, but after accounting for discontinued operations, profits still fell. Sales were strong in North America and Asia, but continued to be sluggish in Western Europe. So, while sales are rising and the company's planned integration is progressing, weakness in some large markets are holding back the bottom line. Patience may pay off here, but it is difficult to recommend the shares until the picture becomes clearer.

Harley Davidson recently reported strong third quarter earnings growth. The Milwaukee motorcycle maker cites growing demand in Europe and Japan and strong sales domestically for the increase. The six models the company introduced earlier in the year have been well received and should continue to help the company's sales.

The placement of health warnings on Celebrex and Viagra hurt Pfizer's third quarter sales.

The two medications are flagship products for the pharmaceuticals giant and the warnings, along with generic competition, clearly impacted the company's earnings overall. With medications pending FDA approval, the company's earnings forecast for the fourth quarter holds great potential, but are still uncertain.

Jet engines helped General Electric reach new heights. The company recently reported an increase in quarterly earnings compared to this time a year ago. Several of the company's units performed well. Sales of health care products, plastics, energy products, and jet aircraft engines all helped the company perform strongly.

Bank of Nova Scotia joins the True Blues this quarter; it was previously in Value ViewFinder. The bank recently reported an increase in quarterly income relative to last year. This company's fortune continues to improve and its earnings outlook for 2006 looks healthy.

Lennar, like Bank of Nova Scotia, makes the jump from Value ViewFinder to the True Blues. Lennar, a homebuilder, was outlined in the Stock Focus in the last edition of Investor's Value View. It is a company in a strong market segment with solid growth potential.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
AFLAC	AFL	\$48.19	\$2.44	19.8	15%	0.8%	Hold Tightly
Alltel	AT	\$66.38	\$3.54	18.8	11%	2.3%	Hold
AutoZone	AZO	\$89.45	\$7.20	12.4	13%	0.0%	Buy
<b>Bank of America</b>	<b>BAC</b>	<b>\$45.88</b>	<b>\$4.06</b>	<b>11.3</b>	<b>11%</b>	<b>4.4%</b>	<b>Buy Aggressively</b>
Bank of Nova Scotia	BNS	\$38.67	\$2.52	15.3	10%	2.9%	Nibble
Biomet	BMET	\$36.69	\$1.61	22.8	18%	0.5%	Buy
<b>Canon</b>	<b>CAJ</b>	<b>\$57.82</b>	<b>\$3.83</b>	<b>15.1</b>	<b>16%</b>	<b>1.0%</b>	<b>Buy Aggressively</b>
Capital One	COF	\$84.25	\$6.58	12.8	15%	0.1%	Hold Tightly
Constellation Brands	STZ	\$23.28	\$1.46	15.9	15%	0.0%	Buy
Fair, Isaac & Co.	FIC	\$46.25	\$1.75	26.4	18%	0.1%	Hold Loosely
First Data Corp.	FDC	\$44.03	\$2.04	21.6	14%	0.2%	Hold Loosely
<b>Fortune Brands</b>	<b>FO</b>	<b>\$79.06</b>	<b>\$5.67</b>	<b>13.9</b>	<b>13%</b>	<b>1.7%</b>	<b>Buy Aggressively</b>
General Electric	GE	\$35.75	\$1.82	19.6	14%	2.3%	Hold Tightly
Harley Davidson	HDI	\$54.01	\$3.28	16.5	15%	1.2%	Buy
<b>Home Depot</b>	<b>HD</b>	<b>\$41.54</b>	<b>\$2.58</b>	<b>16.1</b>	<b>13%</b>	<b>0.8%</b>	<b>Buy Aggressively</b>
Lennar	LEN	\$58.52	\$7.00	8.4	12%	0.9%	Buy Aggressively
<b>Pfizer</b>	<b>PFE</b>	<b>\$21.38</b>	<b>\$2.09</b>	<b>10.2</b>	<b>15%</b>	<b>3.6%</b>	<b>Buy Aggressively</b>
UniLever PLC	UL	\$39.52	\$2.90	13.6	11%	3.2%	Hold

Items in bold denote stocks that, in our opinion, hold the most promise.

*I am careful not to confuse excellence with perfection.  
Excellence, I can reach for; perfection is God's business.  
~ Michael J. Fox ~*



### Customers for Life

Who is talking to your customers? Is it your competition? Why or why not? When you stop to think about it, these are valid questions. Most people rely on some sort of clientele for their business, and can improve on customer relations. A more holistic approach to this process incorporates the question: How can I create customers for life?

The "customers for life" model has two goals, 1. Repeat business. 2. Referrals from clients. Amazingly, few diligently pursue these objectives. Studies demonstrate that the cost to obtain a new client greatly exceeds the cost to obtain repeat business or referrals from existing clients. Some key concepts to master the "customer for life" notion include positioning yourself or your company in the mind of your customers as the valid solution to their problem, creating a relationship with your clients, and overtly soliciting referrals. The concepts can be adjusted depending on the type of industry one is in.

Once a business agreement is reached, it is important to continue to reinforce the idea that you are the continual and ongoing solution to a client's chal-

lenges. This is accomplished through continued and planned communications with the client regarding the provided service or product. Product or service updates, or other free information are also examples of this kind of communication. For instance, a mortgage professional may supply each of her clients with quarterly rate-updates to keep them informed about the market - she includes her name with each update. Other reasons to contact customers could be a product/service survey or announcement.

Closely intermingled with planned and continued communications with clients relating to specific products or services is the concept of "relationship marketing." This involves keeping informed about some aspect of the client's personal life, perhaps sending greetings on special occasions, for instance. Popular businessman and author, Harvey Mackay, has incorporated the "Mackay 66" in his business. This is a comprehensive, detailed information sheet about clients that incorporates everything from anniversary dates to birthdates of the client's children.

The list contains his clients' business and personal data. Mackay attributes much of his success

and that of his organization to the concept of taking a very personal interest in his clients' lives and interests. He also has developed very close and enduring friendships with his clients that are personally gratifying.

Finally, the concept of continued solicitations for referrals is important to people who produce at a high level. An old saying goes, "ask and you shall receive." While one may have very satisfied clients, a referral is many more times likely if it is kindly requested. Most of the high producing people in any field can completely relate to this. Even satisfied clients need to be approached to get referrals.

If you're not asking your clients for referrals, your competition may be! High-producing people will testify to the effectiveness of getting to know their clients. Also, high producers remind clients of a job well done by staying in touch and by asking for continued business. If you're honest, and good at what you do, you owe your clients and their possible referrals no less.

Set aside some time to plan and make it a priority. Otherwise, it will be one more important idea that is sidestepped by the urgent activities of life.



### DISCOUNT DETECTIVE

Our analysts search out the best available discounts on the most attractive closed-end funds. These mutual funds trade like stocks but may sell for prices either higher or lower than the market value of their holdings. At significant discounts, they are value opportunities.

FUND	NAV	PRICE	DISCOUNT
MXE	24.28	20.39	-16.02%
GCS	18.35	15.81	-13.84%
SGF	10.94	9.60	-13.96%
SWZ	18.33	15.87	-13.42%
ETF	13.22	11.68	-11.65%

Our top picks among closed-end funds for the holiday season include 4 repeats and one change. We've added the Mexico Equity and Income Fund (MXE), which, this month, offers a sizeable discounted price to asset value. Interestingly, this fund replaces the Mexico Fund on our list, another investment tool covering the same country. The other four stock funds remain attractive, both on a bargain basis, and with a view to future prospects. We are particularly intrigued by the Scudder Global Commodities Fund (GCS) as it provides a great opportunity for diversification in the challenging oil & gas and precious metals industries, both important in times like today when inflation is potentially on the horizon.

The Singapore Fund (SGF) offers a growing economy and a good discount; and the Emerging Market Telecom Fund (ETF) provides a great entry into the most important industry in the developing world while diversifying politics.

Finally, we continue to see opportunity with the Swiss Helvetia Fund (SWZ). Switzerland's economy remains relatively strong, growth has traditionally been good, and management is sound. With a 13+% discount, we find these shares a bargain, too.

*Courage is doing what you're afraid to do.  
There can be no courage unless you're scared.  
~ Eddie Rickenbacker ~*

### Small World

by Tom Briscoe



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